

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
REGARDING THE CANCELLATION
OF CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY
THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of the Federal Democratic Republic of Ethiopia ("Ethiopia") agree as follows:

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ARTICLE I

Application of the Agreement

1. Pursuant to the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Federal Democratic Republic of Ethiopia, signed on October 13, 2004, by the Participating Creditor Countries and Ethiopia (herein referred to as the "Minute"), the applicable domestic laws of the United States and Ethiopia, and the September 1999 commitment of the President of the United States to provide 100 percent debt forgiveness on eligible debt to certain Heavily Indebted Poor Countries, the United States and Ethiopia hereby agree to the cancellation of certain Ethiopian payments due as a result of debts owed to, guaranteed, or insured by the United States Government or its Agencies.

2. With respect to amounts due to the United States Agency for International Development ("USAID"), USAID will notify Ethiopia of the amounts consolidated and reduced hereunder. This Agreement will be further implemented by a separate agreement (the "Implementing Agreement") between Ethiopia and the United States with respect to PL-480 Agreements, which are administered by the United States Department of Agriculture ("USDA").

ARTICLE II

Definitions

1. "Agencies" means the USDA and USAID.

2. "Contracts" means:

(a) credits extended under USDA PL-480 agreements ("PL-480") or loans from the United States Agency for International Development ("USAID Direct loans") that have original maturities of more than one year and were extended to Ethiopia or its public sector, or covered by a guarantee of Ethiopia or its public sector, pursuant to an agreement concluded with the United States before June 20, 1999 and

(b) the bilateral debt restructuring agreements concluded between the United States and Ethiopia on May 3, 1993 and October 9, 1997.

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A table listing the relevant Contracts to be included under the reduction is attached hereto as Annex A.

3. "Relevant Principal" means the total amount of principal outstanding as of April 1, 2004, including Accrued Interest and any principal and interest in arrears (including Late Interest, if any), on Contracts, as defined in Article II, paragraph 2 of this Agreement.
4. "Late Interest" means interest charges accruing from the contractual payment date of principal and interest due and not paid through March 31, 2004, inclusive.
5. "Accrued Interest" means interest accrued under the relevant Contracts from the last interest maturity date through March 31, 2004, inclusive, computed at the rate specified in the Contracts.
6. "Minute" means the Agreed Minute on the Consolidation of the Debt of the Federal Democratic Republic of Ethiopia, signed on October 13, 2004.
7. "Participating Creditor Countries" means creditor countries that are signatories to the Agreed Minute on the Consolidation of the Debt of the Federal Democratic Republic of Ethiopia dated October 13, 2004.
8. "Completion Point" means April 20, 2004, the date on which the Boards of the International Monetary Fund ("IMF") and International Development Association of the World Bank decided that Ethiopia had reached its Completion Point, as defined under the Enhanced Debt Initiative for Heavily Indebted Poor Countries.

ARTICLE III

Terms and Conditions of Payment

1. One hundred percent of the Relevant Principal, as defined in Article II, paragraph 3, is hereby cancelled.

A table summarizing the amount of Relevant Principal owed to the United States is attached hereto at Annex B.

2. Adjustments in the amounts of Relevant Principal may be made in writing, as necessary and by mutual consent.

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ARTICLE IV

General Provisions

1. Ethiopia shall seek to secure from its external public or private creditors not participating in the Minute reduction arrangements on terms comparable to those set forth in the Minute for credits of comparable maturity, committing to avoid treatment more favorable than that accorded the Participating Creditor Countries, as more specifically defined in the Minute.
2. Except as modified by this Agreement, all terms of the Contracts remain in full force and effect.
3. With respect to amounts owing to USAID under this Agreement, Ethiopia (referred to as the "Government" in Annex C hereto) agrees to the additional terms and conditions set forth in Annex C.

ARTICLE V

Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Ethiopia if: (a) the Participating Creditor Countries determine that Ethiopia has not met its obligations under the Minute, including those of comparable treatment; or (b) the United States determines that Ethiopia has not met its obligations under this Agreement. If the United States terminates all or part of this Agreement, all payments consolidated and cancelled under this Agreement shall be due and payable immediately following notification to Ethiopia of the United States' exercise of this right of termination.
 2. This Agreement may be amended or modified by mutual consent of the United States and Ethiopia.
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ARTICLE VI

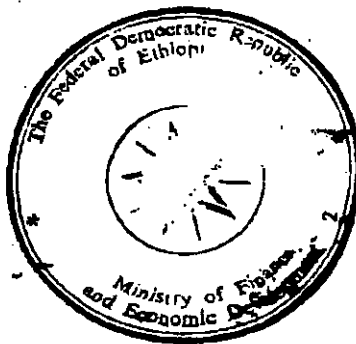
Entry into Force

This Agreement shall enter into force following signature of the Agreement and written notice to Ethiopia by the United States that all necessary U.S. domestic legal requirements for entry into force of the Agreement have been fulfilled.

Done at Addis Ababa, Ethiopia in the English language, this 30th day of December, 2004.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE
FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA:



Mulu Ketsela, Ph.D.
State Minister

Annex A
Agreements Subject to Rescheduling

U.S AID Direct Loan Numbers

663-G-008
663-H-007
663-H-009
663-H-009A
663-H-011A
663-H-012A
663-H-013
663-H-013A
663-H-013B
663-H-013C
663-H-014
663-H-015
663-H-016
663-H-017
663-H-017A
663-H-019
663-H-019A
663-H-020
663-H-021
663-H-022
663-H-023
663-H-026R
663-H-029R
663-H-032R
663-T-024
663-T-027R
663-T-030R
663-T-033R
663-U-025
663-U-028R
663-U-031R
663-U-034R
663-X-035R

48 153

USDA P.L. 480 Credits

5/3/93
10/9/97

1/C 1528

Annex B
Summary of Relevant Principal
(thousands of US dollars)

USDA P.L. 480	\$1,175
USAID	\$70,265
Total	\$71,440

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ANNEX C

ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO
AMOUNTS OWING TO USAID

A. GENERAL PROVISIONS

1. Communications. All communications between the Government and USAID shall be in writing in the English language (or accompanied by an accurate translation). All communications to the Government shall be addressed as the Government may designate from time to time in writing to USAID. All communications to USAID shall be addressed as follows:

Chief
Office of Financial Management, Loan Management Division
(FM/LM)
USAID
1300 Pennsylvania Avenue, N.W.
Room 2.10.56
Washington, D.C. 20523
Fax: (202) 216-3541

USAID may change this designated address upon written notice to the Government.

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